

304.17A-161 Definitions for KRS 304.17A-161, 304.17A-162, 304.17A-163, and 304.17A-165.

As used in this section and KRS 304.17A-162, 304.17A-163, and 304.17A-165 unless the context requires otherwise:

- (1) "Contracted pharmacy" or "pharmacy" means a pharmacy located in Kentucky participating in the network of a pharmacy benefit manager through a direct contract or through a contract with a pharmacy services administration organization or group purchasing organization;
- (2) "Drug product reimbursement" means the amount paid by a pharmacy benefit manager to a contracted pharmacy for the cost of the drug dispensed to a patient and does not include a dispensing or professional fee;
- (3) "Maximum allowable cost" means the maximum amount that a pharmacy benefit manager will reimburse a pharmacy for the cost of a generic drug and does not include a dispensing or professional fee; and
- (4) "Pharmacy benefit manager" means an entity that, on behalf of a health benefit plan, state agency, insurer, managed care organization providing services under KRS Chapter 205, or other third-party payor:
 - (a) Contracts directly or indirectly with pharmacies to provide prescription drugs to individuals;
 - (b) Administers a prescription drug benefit;
 - (c) Processes or pays pharmacy claims;
 - (d) Creates or updates prescription drug formularies;
 - (e) Makes or assists in making prior authorization determinations on prescription drugs;
 - (f) Administers rebates on prescription drugs; or
 - (g) Establishes a pharmacy network.

Effective: July 15, 2016

History: Amended 2016 Ky. Acts ch. 79, sec. 5, effective July 15, 2016. -- Created 2013 Ky. Acts ch. 109, sec. 1, effective June 25, 2013.